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FM AMEMBASSY TOKYO  
TO RUEHC/SECSTATE WASHDC 3768  
INFO RUEHBJ/AMEMBASSY BEIJING 3019  
RUEHBY/AMEMBASSY CANBERRA 2605  
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C O N F I D E N T I A L SECTION 01 OF 03 TOKYO 001148

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DEPT. PLEASE PASS TO USTR/MBEEMAN

E.O. 12958: DECL: 2018/04/23

TAGS: PGOV PREL JA

SUBJECT: JAPAN: YAMAGUCHI BY-ELECTION CLOSE BUT LDP

PESSIMISTIC

REF: TOKYO 614

Classified By: Ambassador J. Thomas Schieffer for reasons 1.4 (b,d).

Summary and Comment

¶11. (C) The April 27 by-election in Yamaguchi District 2 is shaping up to be a major test of the strengths of Japan's two main parties. Taking place just three days before the ruling coalition's probable use of its supermajority to override opposition objections to the controversial gas tax, each party will take wide liberty with the election results. The Liberal Democratic Party (LDP) will spin a victory as public support for Prime Minister Yasuo Fukuda and the party's plans to reinstate the controversial gasoline tax. The opposition Democratic Party of Japan (DPJ) will view a win as public support for the tax's demise, and it will embolden the party to continue trying to force a Lower House election. PM Fukuda, DPJ head Ozawa and other political celebrities have made campaign visits to the district, which is further indication of the importance of the vote. The Japan Communist Party (JCP) also has an opportunity to test its influence in a national election. The party is not fielding its own candidate but could marshal its members to vote for the DPJ candidate.

¶12. (C) The race remains close but LDP contacts are pessimistic about the result. While the LDP candidate has been gaining on his better known DPJ rival, the LDP took a hit when the new medical insurance system for the elderly came into effect this month, and our contacts stress that the voters are focused on medical insurance and pension issues. That said, the LDP voting machine is formidable and the low voter turnout common in a by-election generally favors the LDP. End Summary and Comment.

What's at Stake

¶3. (C) The April 27 Yamaguchi District 2 by-election is the first national election since the July 2007 opposition victory in the Upper House and the first national election contested under Prime Minister Yasuo Fukuda. The race became necessary after the district's representative, Yoshio Fukuda, vacated the seat to run successfully for mayor of Iwakuni in February 2008. The LDP is looking for a victory in Yamaguchi as proof of the public's backing for its plan to reinstate the controversial gasoline tax and other road-related taxes and to help it manage the difficult situation in the Diet. The opposition DPJ, on the other hand, hopes a victory will prevent the government from achieving either of these goals and show that political winds continue to favor the opposition. The election will have an impact on the political influence of Fukuda and DPJ leader Ichiro Ozawa, both of whom have campaigned locally for their candidate. The DPJ has been threatening to censure PM Fukuda if the LDP attempts to reinstate the gasoline tax, and a DPJ victory would eliminate the need for the censure motion, senior DPJ politician and former DPJ head Seiji Maehara told Embassy Tokyo.

The Candidates

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¶4. (C) The candidates in the Yamaguchi District 2 by-election are natives of the district, although the DPJ's Hideo Hiraoka is better known through his continued involvement in local politics. A graduate of the University of Tokyo's Faculty of Law and a licensed lawyer, he worked for the Ministry of Finance for 22 years before resigning to pursue politics full-time. He was born in 1954 and grew up in

TOKYO 00001148 002 OF 003

Iwakuni.

¶5. (C) Ironically, Hiraoka ran for mayor of Iwakuni in 1999 as an independent with support from the LDP but lost the election. He continues to enjoy support from some LDP members and expects continued backing from conservatives and older LDP supporters who are critical of the Fukuda administration's handling of the pension and medical insurance issues.

¶6. (C) The LDP's Shigetaro Yamamoto is director of the Cabinet Secretariat Local Community Revitalization Office. He also graduated from the University of Tokyo's Law Faculty and had a long career in Tokyo at the Ministry of Construction (MOC, now the Ministry of Land, Infrastructure and Transport or MLIT). Born in 1948, he was raised in the small city of Yanai in Yamaguchi District 2.

¶7. (C) Yamamoto has attracted criticism for being head of MLIT's housing bureau when the scandal involving falsified data on earthquake resistance broke. The media has questioned why Yamamoto failed to do more to prevent the scandal from occurring. His name has also been linked with a risque eating establishment in Tokyo.

The Issues

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¶8. (C) The main campaign issues are the pension system and the increased medical insurance payments for people aged 75 and older, according to conversations Embassy Tokyo held with DPJ Diet member Kazuhiro Haraguchi. Consulate Fukuoka contacts agree that the increase in medical payments for the elderly is becoming the most important issue in the election and may negatively impact the elderly's LDP support for Yamamoto. They also say that local voters are more concerned with livelihood issues than reform. Initially, Fukuoka contacts expected the major campaign issue to be the planned relocation of the U.S. carrier-borne fighter jets to Iwakuni from Atsugi, Kanagawa Prefecture, but Maehara told Embassy Tokyo that since Hiraoka wishes to attract the conservative vote, he avoids discussing the base issue. Hiraoka also has

described the race as a fight to pave the way for regime change. The LDP's Yamamoto described his goal as the revitalization of local areas.

#### The District

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¶ 9. (C) Yamaguchi District 2 is a traditionally conservative region and well-known as the stomping ground of former Prime Minister (1964-1972) Eisaku Sato and his son, Shinji Sato, who followed his father into politics. The younger Sato lost his lower house seat to Hiraoka in the 2000 election. Hiraoka went on to win the seat again in 2003 but lost it in 2005 by only 588 votes to the LDP's Yoshihiko Fukuda; Hiraoka remained in the Lower House through proportional representation. Fukuda gave up the seat in early 2008 to run for mayor of Iwakuni, forcing the by-election.

#### Parties Pulling Out All The Stops

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¶ 10. (C) PM Fukuda traveled to Iwakuni on April 20 with Komeito head Akihiro Ota to campaign for Yamamoto, becoming the first prime minister to visit the town since then PM Yoshida came 59 years ago to campaign for Eisaku Sato. Fukuda used his speech to emphasize Yamamoto's experience in the Fukuda Cabinet Secretariat and the need to revitalize local communities. The LDP Yamaguchi Chapter has hosted several speeches by other top LDP leaders, including Foreign Minister Masahiko Kourumura, former PM Shinzo Abe, former

TOKYO 00001148 003 OF 003

Foreign Minister and PM-hopeful Taro Aso, and former Defense Minister Yuriko Koike. In addition, Komeito prefectoral assembly members from Fukuoka and other neighboring prefectures have visited the district to encourage Soka Gakkai members and their affiliates to vote for Yamamoto. Meanwhile, DPJ head Ichiro Ozawa traveled to Yamaguchi on April 11 to meet with local labor leaders and ask for their support. Acting DPJ President Naoto Kan, Secretary General Yukio Hatoyama and former DPJ head Seiji Maehara also have visited the district.

#### Potential JCP Impact

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¶ 11. (C) The Japan Communist Party (JCP) will have the opportunity to test its influence in the by-election. The JCP did not register a candidate because it decided in September 2007 to field candidates only in races in which it previously won at least eight percent of the vote (reftel). In the July 2007 Upper House election the JCP candidate for the combined Yamaguchi 1-3 districts received 7.1 percent of the vote and in the September 2005 Lower House election the District 2 JCP candidate received 6.1 percent of the vote. The actual number of votes cast for the JCP candidate in Yamaguchi District 2 in 2005 was 13,499, a number that could significantly influence the race if JCP voters come out and vote for the DPJ candidate.

¶ 12. (C) Whether JCP members will vote for the DPJ candidate is in question, regional newspaper editor (FNU) Tabuchi told the Fukuoka Consulate. He explained that some JCP party members were angry with the DPJ's Hiraoka because he did not support then-Iwakuni Mayor Ihara in the Iwakuni mayoral race this past February, despite participating in a rally hosted by Ihara in December 2007 to protest the suspension of federal subsidies for the construction of the Iwakuni City Hall. That said, 60 to 70 percent of the JCP could still back Hiraoka. DPJ Diet member Haraguchi agreed that the lack of a JCP candidate would benefit Hiraoka because the small party could marshal about 5000 votes for the DPJ.

#### DPJ Possible Winner Despite LDP Strengths

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¶13. (C) The LDP has better organizational skills than the DPJ and by-election voter turnout tends to be low, which gives the LDP an advantage, DPJ Diet member and former DPJ head Katsuya Okada told Embassy Tokyo. That said, some Fukuoka Consulate contacts described the LDP's Yamamoto as a &sacrificial lamb8 after two LDP Upper House Diet members from Yamaguchi Prefecture - Nobuo Kishi and Yoshimasa Hayashi - turned down unofficial requests to run. The DPJ's Hiraoka is a strong candidate and well known in the area, and his early lead in the race may spell victory for the DPJ.

SCHIEFFER